

BLUE MOUNTAIN DISTRIBUTION SYSTEM ANNUAL MEETING

MARCH 5, 2002

The annual meeting of the Blue Mountain Distribution System was called to order at 7:37 p.m. by Chairman Gary Halls. The first item of business was the reading of the minutes of the 2001 annual meeting by Casey Ford. There were no corrections or additions to be made. A motion was made by Bruce Adams, and seconded by Stephen Barton, to accept the minutes. The motion passed.

The next item of business was to review the 2001 Financial Statement. Mr. Sim indicated that as of January 1, 2001 there was \$1,376.90 in the Trust Account. Receipts during 2001 totaled \$840.67. Regular assessments accounted for \$800.00. The account earned \$40.67 in interest. Expenditures for the year totaled \$1,480.00. As of December 31, 2001, there was \$737.57 in the Trust Account. Mr. Lee Sim also presented the new procedure regarding delinquent assessment payments. The Division of Water Rights will send a letter out requesting payment of the account after two years of delinquency. If after two weeks the account is not paid, a Cease and Desist letter will be sent to the delinquent water user, the river commissioner will be instructed to lock the headgate to the delinquent account, and a memo will be placed on the water right file. A motion was made by Chet Johnson, and seconded by Guy Tracy, to accept the Financial Statement. The vote was unanimous.

The Commissioner's Report was the next item of business. Mr. Clarence Pehrson indicated, similar to last year, that the Shingle Mill side of the system was working well, but the split between Pioneer and Monticello City is difficult to keep regulated because of the accumulation of silt. Mr. Pehrson indicated that access to the South Creek USGS Gaging Station would aid in regulating these flows, and asked if a key could be obtained. Francis Barton made a motion to accept the Commissioner's Report, and the motion was seconded by Chet Johnson. All present voted in the affirmative.

The next item on the agenda was a discussion of the Commissioner's job performance. All thought Commissioner Pehrson was doing a good job.

Chairman Halls indicated that the next item of business was the preparation of the budget for 2001. Mr. Lee Sim announced that the Division of Water Rights would add an item to future budgets to help defray its expenses in accounting for, and administering the funds to pay the Commissioner's salary and the Distribution System expenses. This additional item is in response to the current state budget shortfall, and the budget cuts imposed on the Division. The calculated expense of this item to the Division is equal to 7.5% of the total budgets for all the distribution systems in the state. The implementation of the State Engineer's assessment will begin in 2002, and will take place over a period of three years. The assessment for the first year will be 2.5%, the assessment for the second year will be 5.0%, and the assessment for the third and succeeding years will be 7.5%. Mr. Sim stated that this item will be evaluated at the end of the fiscal year, in June, and will only be applied if the budget for the Division is in the red. After a brief discussion, it was decided that the same budget used in 2001 be used for 2002 with the addition of the new item, and

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because of the below average water year, the Contractual Services would reflect a shorter irrigation season. The commissioner's salary would remain \$520.00, and \$16.00 for each day the commissioner works on the system. As a result, the 2002 budget is as follows:

Commissioner's Salary	\$ 520.00
Contractual Services	\$ 640.00
Social Security	\$ 40.00
Workman's Compensation	\$ 40.00
Annual Report	\$ 50.00
Assessment Costs	\$ 40.00
Total	\$1,330.00

Bruce Adams made a motion to accept the budget, and set the assessment at \$1,000.00. The motion was seconded by Guy Tracy, and the vote was unanimous.

The assessment will be made as follows:

San Juan County Conservancy District	60%
Blue Mountain Irrigation Company	10%
Gary Halls	10%
Monticello City	10%
Pioneer Ditch c/o Monticello City	10%

The next item of business was the appointment of a Committee for 2002. A motion was made by Francis Barton to have the representatives who served in 2001, remain in 2002. Bruce Adams seconded the motion, and the vote was unanimous. The committee consists of the following individuals:

Gary Halls	Chairman
Bruce Adams	Vice Chairman
Chet Johnson	Pioneer Ditch
Ernest Sonderegger	Pioneer Ditch
Jack Redd	Spring Creek
Joseph Barton	Verdure Creek

With no further business, the meeting adjourned at 8:08 p.m.

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Those present included the following:

Chet Johnson	Adams/Pioneer Ditch
Francis Barton	Verdure
Guy Tracy	Blue Mountain Irrigation Company
Gary Halls	Blue Mountain Irrigation Company
Stephen Barton	Verdure
Clarence Pehrson	Commissioner
Bennion Redd	Carlisle Water Company
Bruce Adams	Spring Creek
Gertrudys Adkins	Division of Water Rights - SLC
Lee Sim	Division of Water Rights - SLC
Casey Ford	Division of Water Rights - Price